MANAGEMENT DISCUSSION SECTION

Good day, ladies and gentlemen and welcome to the NASDAQ OMX Third Quarter 2010 Results Conference Call. At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions].

As a reminder, this conference call is being recorded. I would now like to introduce your host for today's conference, Vincent Palmiere, Vice President of Investor Relations.

Vincent Palmiere, Investor Relations

Thank you, operator. Good morning and thank you for joining us today to discuss our third quarter 2010 results. Joining me are Bob Greifeld, our Chief Executive Officer; Adena Friedman, the Chief Financial Officer; and Ed Knight, our General Counsel. Following the prepared remarks, we'll open up the line for Q&A.

You can access the results press release and presentation on the NASDAQ OMX's Investor Relations website at www.nasdaqomx.com. We intend to use the website as a means of disclosing material non-public information and for complying with the disclosure obligations under SEC Regulation FD. And these disclosures will be included under the Events & Presentations section of the site.

And before I turn the call over to Bob, I would like to remind you that certain statements in the prepared presentation and during subsequent Q&A period may relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The actual results may differ materially from those projected in these forward-looking statements and information concerning the factors that could cause actual results to differ from forward-looking statements is contained in our press release and in our periodic reports filed with the FCC. And with that I will turn it over to Bob.

Robert Greifeld, Chief Executive Officer

Thank you everybody for joining the call this morning. I'll begin by spending a few minutes highlighting the third quarter 2010 results. And then I will update you on the progress we are making with some of our initiatives. Adena will then walk you through the financials. This morning we reported net income of 101 million or $0.50 per diluted share, an increase of 29%, when compared to third quarter 2009 GAAP Results, and an increase of 19% when compared to non-GAAP results.

This represents an incredibly strong performance and we are delighted. Particularly given the lower industry volumes we saw during the quarter. Our success can be attributed to the steps we have taken to diversify our business and to identify opportunities to deliver value-added products and services to our customers. During our recent Analyst Day, we outlined how we have focused on our efforts and goals on revenue growth measured as either an alpha or beta return; with alpha, representing our hard work and innovation and beta primarily driven by volume and other macro market trends.

What we're particularly pleased with this quarter is that despite significant volume for beta headwinds, we were able to grow revenues and profits over the prior year due to successful alpha return initiatives. These results show that our hard work is paying off and delivering results. Turning to the details of the quarter, in market services revenues increased $18 million or 8% from the third quarter of 2009 despite declines in the industry volumes in U.S. cash equities and options.

The revenue growth was driven by strong demand for access services, higher U.S. proprietary data, market data revenue, increases in U.S. cash equities revenue and growth in European derivatives revenue; all areas where we been able to innovate and expand our value proposition for customers.

In particular we have seen significant improvement in our European clearinghouse where growing membership is driving increased activity resulting in a revenue increase of 30% over the last year. In the Nordic derivatives market, earlier this week, we launched our Genium INET platform, the world's fastest trading and clearing system. Genium delivers sub 100 micro second latency and a throughput of over one million messages a second; a highly reliable, robust and scalable platform.

In addition to powering our own markets is also part of our commercial exchange technology offering, putting the same power in the hands of our customers. We remain committed to innovation through technology to ensure our leadership position as a driving force in the exchange industry and to provide best possible trading opportunities for our customers and investors.

In our U.S. options business, we are number one in market share and we achieved our fifth consecutive quarter of market share growth. Total market share was 28.8% for the quarter, as PHLX recorded 23.7% and NOM 5.1%, the highest levels ever achieved by either market. Our share last year across both markets was 20.2%, so this year's results reflect a gain in share of 850 basis points, very impressive.

In our Issuer Services segment, NASDAQ OMX signed 45 new listings during the quarter, an increase of 29% over the prior quarter of with, prior year quarter, of which 18 were IPOs including two of the largest technology IPOs, Smart Technologies and NXP Semiconductors. Corporate services continued to be a bright spot, as we saw increased demand from many new products in particular new services such as, AI3 our new surveillance product that is driving revenue growth. When you exclude the impact of Carpenter Moore, which was sold in the fourth quarter 2009 existing product revenue increased 20% from prior year levels. And finally, within Issuer Services, revenues in our Global Index Group were up 20% from last year, driven by the increased demand from new license ETFs and other financial products.

In our industry-leading market technology segment, business remains strong as total order value which is the value of signed contracts that have yet to be delivered ended the quarter up 40% from third quarter 2009 levels. Highlighting the quarter was the acquisitions of – the acquisition of SMARTS Group, the world-leading provider of market surveillance technology to exchanges, regulators and brokers.

Integration efforts are off to a good start and we expect to realize measurable synergies by leveraging our footprint to deliver growth. Over technology platforms remain core to our success, we are the fastest and most scalable trading technology in the world, multi-asset trading and clearing capabilities and a culture of efficiency. When combined these assets create a unique formula for success that remains unparalleled in the industry.

Now, let me touch on the status of some of our initiatives. Progress continues to be made at IDCG, while our interest rate swap clearing house as BNY Mellon became a clearing member and State Street announced its plans to become a member.

IDCG has also started to process transactions and to date has cleared $640 million with nearly $400 million in notional value outstanding. Our innovative new price size equity exchange PSX was launched on October the 8th and it's off to a fantastic start. In the two weeks since launch, it is already averaging nearly 0.5 point of market share each day and has exceeded 50 million shares traded daily making it the most successful launch of an equity exchange, exceeding even the launch of our BX Exchange. Also, the value of this unique model is apparent as average execution size is up over 30% when compared to trades executed on the rest of NADSAQ. N2EX, our UK power market now has a total of 19 members actively supporting the exchange as it continues to attract the liquidity necessary for creating the power index.

Volumes have grown approximately 100% since the end of the second quarter as more than 740,000 megawatt hours traded each week with a value of more than £32 million. We plan to launch the derivatives markets in the first quarter of 2011.

With respect to NOCC, our U.S. energy clearing business, we are pleased to report that we're seeing increased activity as more trades are being processed through our clearinghouse. Initially, trades were for contracts with very short durations. However, recently we have seen larger trades with longer durations, the most recent being a three-month contract. As customers begin to clear contracts with longer durations, it demonstrates an increased confidence in the clearinghouse.

As we announced at our Investor Day, we launched repo clearing in the Nordics on September the 23rd and we have seen volumes steadily improve.

Our goal is to have the full Interbank market, which represents some $6 billion in average daily volume by the beginning of 2011 on our market. Following our transaction between SAB and the Swedish National Debt Office, we continue to work with Nordic banks to develop swap clearing for the entire market. Our goal remains to have a full-scale launch by the second half of 2011.

This week, we also announced the launch of five NASDAQ OMX Alpha indexes, which are designed to measure performance between a particular stock and ETFs giving our customers the ability to look for opportunities to generate returns. Eventually, these industries will allow us to list proprietary options on PHLX and NOM, and are certainly indicative of the culture of innovation that we have developed here at NASDAQ. We are pleased with the progress of each initiative and remain excited about their prospects. Our strategy clearly is to continue to lever our core strengths to diversify our product offering and to deliver growth, whether it's through new capabilities, trading new asset classes, expanding geographically or attracting new clients.

Before that I turn the call over to Adena, I want to again touch on the strength of our performance this quarter, which is no more apparent than when you compare our results to the very strong second quarter of 2010. While industry activity declined 26% for U.S. cash equities and 19% for auctions when compared to the second quarter our earnings only declined 4% from a record 52% – $0.52 to $0.50 this quarter, results that we are proud of and from which we plan to grow.

I would now turn the call over to Adena. Thank you.

Adena T. Friedman, Executive Vice President, Corporate Strategy and Chief Financial Officer

Thank you, Bob. Good morning, everyone and thanks for joining us today. Our GAAP net income for the third quarter of 2010 was $101 million or $0.50 per diluted share, equal to our non-GAAP net income and EPS of the same period. This represents a slight decrease when compared to non-GAAP income of $108 million or $0.52 per diluted share in the second quarter of 2010, but an increase of 13% when compared to the non-GAAP income of $89 million or $0.42 per diluted share for the third quarter of 2009.

Reconciliations of GAAP to non-GAAP results can be found on the attachments to our press release and in the presentation that is available on our website, at ir.nasdaqomx.com.

Net revenues were $372 million for the quarter, a decrease of $18 million or 5% when compared to the second quarter 2010, but an increase of $23 million or 7% when compared to the prior-year quarter. Within Market Services our net cash equities trading revenues, were $63 million a decrease of 17% or $13 million when compared to the second quarter of 2010, primarily due declines in U.S. industry volumes, which were off as Bob said, 26%. However cash equities trading revenue increased $15 million or 31% when compared to the third quarter of 2009, primarily due to modified rate and improved market share in our U.S. business.

Net derivatives trading and clearing revenue was $60 million in the third quarter versus $69 million in the second quarter of 2010 and $54 million in the third quarter 2009. The decline when compared to the second quarter is due to lower industry trading activity in both the U.S. and Europe. Driving the increase when compared to the prior year quarter were higher volumes in our European business. Equity and index options in futures volume was up more than 40% from last year, while fixed income volume was up 14%.

As Bob mentioned driving this higher activity, are increases in our membership as well as overall macroeconomic recovery in the Nordic countries. Membership in the clearinghouse particularly for equities and index options was up approximately 100% from the third quarter of 2009.

Included in the third quarter of 2010 revenues are $8.9 million from cleared energy and carbon products, $11.3 million from trading and clearing of stock and indexed derivatives, $4.4 million in the clearing of fixed-income products and approximately $1.5 million of other revenues and fees.

Moving to Access Services, revenues were $45 million for the quarter, up from $41 million in the second quarter and up $7 million or 18% from the third quarter of last year, on the strength of increased demand for our services. Within market data, revenue was $76 million in the third quarter, down $3 million when compared to the second quarter of 2010 and the third quarter of 2009. The decline when compared to the both periods is due to lower U.S. tape plan and European market data revenue.

The decline in the European revenues is partially due to the lower audit fees realized this period. Somewhat offsetting the declines when compared to the prior year period, are higher revenues associated with the U.S. proprietary data products. In Issuer Services, revenues were $85 million for the quarter, down $1 million when compared to the second-quarter results, but up $3 million when compared to the prior year period. Driving the increase when compared to the third quarter 2009, are higher Global Index Group and European listing revenues. And turning to Market Technology, revenue was $38 million dollars for the quarter up from $34 million in the second quarter and $36 million in the prior year quarter.

Included in the third quarter of 2010 results, are revenue associated with the SMARTS group, which was acquired during the quarter. At quarter end, total order value, which represents the cumulative value of all signed orders that have not yet been realized into revenue was $446 million. In an effort to improve our transparency and consistent with what we started last quarter, slide 13 of our earnings presentation contains a table that shows when we expect to recognize the current order value into revenues over the coming years.

And looking ahead within Market Technologies for the fourth quarter of 2010, assuming current FX rates we expect our avenue to be approximately $43 million. Finally, in relation to our net revenues for the third quarter, FX had the overall impact of increasing net revenues in the quarter by $5 million when compared to the second quarter but decreasing revenues by $2 million when compared to the third quarter of 2009.

Now turning to expenses. Total non-GAAP operating expenses for the third quarter were $203 million, representing a decrease of $4 million from $207 million in the second quarter of 2010 and an increase of $6 million from $197 million in the third quarter of 2009.

The decrease in expenses when compared to the second quarter of 2010 is primarily driven by lower compensation, professional and contract services and computer operations and data communications expenses. Partially offsetting lower spending in the quarter is the impact of changes in the FX rates, which had the effect of increasing expenses by $3 million when compared to the second quarter of 2010 as well as additional expenses of additional expenses associated with SMARTS.

The increase in expenses from the third quarter of 2009 is primarily due to costs associated with SMARTS and increases in net compensation expense, offset somewhat by lower expenses related to the sale of Carpenter Moore, which occurred in the fourth quarter of 2009.

Looking forward for the full year of 2010, we are revising our guidance slightly and we expect total expenses to be in the range of $880 million to $890 million. This guidance now includes expenses associated with SMARTS group as well as approximately $60 million of non-recurring expenses.

Excluding the non-recurring expenses, we anticipate that our operating expenses will be in the range of $820 to $830 million. Although a $10 million range in guidance is wider than usual this late in the year, we believe that it is prudent due to the variability we're seeing in FX rates specifically with respect to the Swedish krona. Results for the quarter yielded non-GAAP operating income of $169 million with operating margins coming in at 45%, up from 44% in the prior-year quarter.

Net interest expense in the quarter was $23 million, a decrease of $1 million from the second quarter of 2010 and equal to the net interest expense realized in the third quarter of last year. And finally on the income statement, the effective non-GAAP tax rate for the quarter was 32% within the range of our normalized tax rate of 32% to 34%.

Turning briefly to the balance sheet, cash and cash equivalents and financial investments at the quarter-end were approximately $838 million. Of this amount, approximately $438 million is reserved for regulatory requirements and other restricted purposes. During the quarter, we used $12 million for capital spending purposes and $100 million was used to buy back shares bringing the total amount repurchased to $300 million since the share repurchase program, was announced on March 2.

To date we've purchased 15.1 million shares, 5 million of which were acquired in the third quarter. Additionally, as a reflection of our ongoing commitment to return capital to shareholders, we recently received board approval to increase the share repurchase program by another $150 million, bringing the total authorized amount to $550 million, because we have executed 300 million of the program to date, we currently have authorization to buy up to – to an additional $250 million of our shares in the coming months.

Our current intent is to execute this program throughout 2011, depending on market conditions and absent other higher return strategic activities. We also use $70 million of cash in this quarter for debt repayment, including $35 million associated with the mandatory repayment of our term loan and $35 million assisted with an optional payment. This brings our year-to-date repayments to a total of $111 million. We ended the quarter with total debt obligations of $2 billion. We are very pleased with the results this quarter, in addition to demonstrating our ability to innovate and execute our growth strategy, the results also highlights that expense management continues to be a core competency. When adjusting for expenses associated with the SMARTS acquisition, our spending in the third-quarter of 2010 is on par with levels realized last year while net revenues increased $23 million.

Our ability to achieve operational efficiencies has allowed us to continue to invest in new initiatives while expanding our profit margins.

Thank you. And I would now turn the call back over to Vince.

Vincent Palmiere, Investor Relations

Thanks, Adena. And operator we are ready for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions]. And our first question comes from Rich Repetto from Sandler O'Neill.

<Q – Richard Repetto>: Yeah. Good morning Bob and Adena.

<A – Adena Friedman>: Good morning.

<Q – Richard Repetto>: I guess the question is on the favorite topic, the interest rate swap clearing, so your competitor announced the launch of their platform had a number of the higher profile names excluding FANNIE and FREDDIE as I guess supporters. How does that reflect, does that – are they still supposing, could they still be I guess customers of the IDCG platform or how should we think about that?

<A – Robert Greifeld>: I would say this Rich. I believe the participants in the market in both the buy and the sell side are interested in having more than one platform be viable for interest rate swaps. So we were pleased with our progress in the second quarter as I said we have gone live, we have trades going through the system, our level of engagement with the – I would say all aspects of the Street has intensified during the third quarter and as I said, we are pleased with the progress.

<Q – Richard Repetto>: Okay. And I guess just one follow-up, just what was the SMARTS expense. I know you talked about 12 to 13 run rate, I think that is an annual one but what was the SMARTS expense in the quarter? Adena?

<A – Adena Friedman>: Well, on the Investor Day, we did mention that we expected about $12 million to $13 million expenses this year from SMARTS. We had – we bought in SMARTS and we have recognized in two months of revenues expenses and so, the SMARTS expenses were around $4.5 million for the quarter.

<Q – Richard Repetto>: Got it. And I guess the very last thing, Bob, I know you said – it has been a successful launch of the new price size platform. But I was just a little bit – the 30% increase in size is good but I was actually expecting even a greater size, given that the priority is based on size. Was that what you were modeling or sort of in your sites?

<A – Robert Greifeld>: Rich, I would agree with you. We want to go dramatically higher in the size, but as we went live, we expected it would build. It would wax higher and people have to have increased confidence in the model. So it's in the range of what we expected but the key point is we expect it to continue to increase. And I would say that we are working very aggressively with the buy side to ensure that they have true direct access to the market and direct access being defined, where they can control the posting activity.

So I think every week that goes by, we pick up one or two more buy side firms that are capable of doing that. So we're making progress there.

I'll go back to your second question, Rich and that's on SMARTS, what was I think good for us is in the first quarter and I know if you can do the engineering. It was essentially flat to us and we expect the synergies will start coming in in the fourth quarter. So I think that acquisition will be well within our guidelines for accretion within the first 12 months.

And going back to your first, I want to make it clear that we recently believe and I think everybody in this – in the industry believes there will be more than one competitor over the long-term for clearing of interest rate swaps.

<Q – Richard Repetto>: Okay. That's very helpful. Thanks for the information.

<A – Robert Greifeld>: Thank you

<A – Adena Friedman>: Thanks, Rich.

Operator: Our next question comes from Dan Fannon from Jefferies.

<Q – Daniel Fannon>: Hi. Good morning, guys.

<A – Robert Greifeld>: How are you doing?

<Q – Daniel Fannon>: Can you talk about the U.S. cash equity business? I mean you have had a successful in last 12 months of kind of your improving your net capture rate. The competitive environment looks to be a little bit more stable. Can you talk about your outlook there for any potential price changes actually there may be some improvements if there are any or if you think there is just – we're in a stabilization period here for some time.

<A – Robert Greifeld>: Well, we're taking as a quite innovative move that's effective November 1, with our pricing for U.S. cash equities. And it's the first time that I think that pricing is targeted to what I'll call the natural buyers or sellers, natural providers of liquidity. And it operates on the theory that, if we attract more of the naturals then others will follow. And I would say in discussions with our customers over the last week or so, it's been at the strongest positive reaction we have received for any pricing action that I can remember. And we have four firms that are committed come Monday to provide what I'll call significant incremental volume to the platform. So we are very excited about that move.

<Q – Daniel Fannon>: And then I guess on the access services of the access revenues can you give us a sense of what's driving that? And if we can look it as a growing component of your revenues going forward based on the levels we saw here in the third quarter.

<A – Robert Greifeld>: Well, it's has been a growing component over the last several quarters, and then we expect that to continue. In the third quarter 2010, the teams did a very good job of introducing some of the products and/or services to that business and that's helped grow it. Adena, you want to add anything?

<A – Adena Friedman>: And I would say that certainly the levels that we are seeing this quarter, are in terms of the growth that is a sustainable growth, and it's not any sort of, it's not a short-term type of thing. But it is definitely a nice growing part of our business. And it demonstrates the balance that we are continuing to achieve between the transactions revenues and the recurring revenues in the U.S. cash business.

<A – Robert Greifeld>: Yeah, well it's becoming increasingly clear that we are the preferred data center hosting operation for the industry. And we are the beneficiary then of more of the activity, in the industry that's certainly helping drive our financial results.

<Q – Daniel Fannon>: Great thank you.

Operator: Our next question comes from the line of Alex Kramm with UBS

<Q – Alex Kramm>: Hi, good morning. I just wanted to get back to Richard's question from earlier on IDCG and I don't want to harp on it too much, but you made this whole comment how you spent a lot of time talking to buy side and sell side and there is the need for more than one solution, which I totally get but we've been spending the last two or three weeks talking to the buy side too and quite frankly, when we gave them the choice of where they want to clear, its CME and its LCH and you guys came up in discussions a couple of times but it's rather from really large organizations that just want to have options but when you talk to the guys that actually are active in the OTC markets, they don't really talk about you -so what I just cannot see where you are seeing this support coming from? And who these guys are that you think will be clearing with you? Because we're quite frankly not lot seeing it. Thanks.

<A – Robert Greifeld>: Okay. Well, obviously we may be talking to different people, but I would say this, that our buy side support is coming from several larger players who are I think in certain ways the axe in this activity who are committed to the platform and we're comfortable where we are with them at this point in time. And as you saw during the quarter, the range of clearing of SGMs available has increased. And I would say that the size and the heft in the balance sheet that the firms such as State Street and Bank of New York represent clearly is a positive development for IDCG.

<Q – Alex Kramm>: All right. Fair enough. Then just take quick one here, the European businesses are doing pretty well so for this quarter. And just wanted to get a sense if you put this more in the Alpha or the Beta category? Is it just markets over there or do you think, do you actually see proof that some of the new technology that you put on there is actually having an impact, maybe you can give us some updated data in terms of high-frequency participation in things like that? Thank you very much.

<A – Robert Greifeld>: It's a great question. I would say for the quarter, it obviously was a combination of Alpha versus Beta, but in the quarter I would say it was more Beta that drilled bigger dollar increases, but probably more importantly to us in each of the new initiatives we had, we saw fairly dramatic progress forward, and I highlighted some of them in my talk, so I won't repeat that. But responding to your question with respect to high-frequency trading, first in the U.S. – in the equity market there, we saw notable increases, we just received the collocation contract from a very large U.S.-based high-frequency firm yesterday, but it hasn't driven in the meaningful way – the numbers that we think it will as we get into 2011.

And with respect to our derivatives operation, understand that we have proprietary product for equity index derivatives of which we are also the clearing enterprise and that represents a huge upside for us with respect to the advent of high-frequency trading coming into that marketplace, and I would say that's lagging probably three months behind our efforts on the equity side. So, all good things happening there primarily driven by Beta in the quarter, but enough significant Alpha developments makes us very optimistic for the results in 2011.

<Q – Alex Kramm>: All right. Very good, thank you.

Operator: Our next question comes from Michael Carrier with Deutsche Bank.

<Q – Mike Carrier>: Good morning. Just a couple of questions on pricing. It looks like in the U.S. and in Europe on the cash side we were all prepared for some improvement whether it's on the FX side in Europe, or some of the tiers that were hit last quarter. On the derivatives side, it looks like it was the opposite, it looks like there was a little bit more pressure both in the U.S. and Europe, even in adjusting for the FX. So just trying to understand, what was taking place in the quarter, whether it was customer mix, product mix on the derivatives side? Thanks.

<A – Robert Greifeld>: Well, I'll start with the U.S. side and our options business, clearly remarkable gain in share. Part of that share has to be attributed to pricing actions that we've taken which lowered cash, but overall it was a benefit for the organization. We also as we've covered before with the dividend recapture trades, we have a lower cash rate for that. So I think the plan has gone as we foresaw it with respect to our options business and we do appreciate the position that we have gained as a result of that. With respect to the European derivatives business, we don't see any significant movement with respect to how we price the product, I would attribute it more to just a quarter-to-quarter variation.

<Q – Mike Carrier>: Okay. And then Adena, just on the tech line, you gave the expenses related to SMARTS. Any color, because I think just expectations were for something like around the 32 level on the tech side obviously – because it closed, the revenues came in sooner. But just the core number versus what SMARTS added?

<A – Adena Friedman>: Sure. For the quarter, we had about $5 million in revenues coming from SMARTS. So the core revenues for the quarter were 33.

<Q – Mike Carrier>: Okay. Thanks a lot.

<A – Adena Friedman>: Sure.

Operator: Our next question comes from Niamh Alexander from KBW.

<Q – Niamh Alexander>: Hi, good morning. Thanks for taking my questions. And if I could go back and remember the Analyst Day, I think you mentioned that there might be some significant number of – amount of your cash freed up from some kind of being restricted for regulatory purposes in the Nordic market. Has that been freed up right now? Or when you talk about your cash sideline for regulatory, is there a scope for that to kind of go down further?

<A – Robert Greifeld>: The answer is no and the plan was more towards the balance towards the end of 2011, I believe.

<A – Adena Friedman>: Right. So Niamh, our plans are to introduce the default funds structure in the Nordic market. Today, we self fund the default fund within the Nordic clearinghouse and we are going out to a member default fund in conjunction with some regulatory changes there. But we have to work with the members and also with the regulators to implement that program and as we mentioned at Analyst Day, we would expect that to be a benefit to us in late 2011, early 2012.

<Q – Niamh Alexander>: Okay. Thanks for clarifying that one.

<A – Adena Friedman>: Sure, no problem.

<Q – Niamh Alexander>: And the other one is on all this cash that you have that's free, I mean – are you see – is it a more of a buyers' market now in terms of maybe deploying some for acquisitions you know ready sellers ahead of acquisitions, or tax changes rather?

<A – Robert Greifeld>: Well, it's never as much of a buyer's market as you'd like, obviously. But I would say the market is pricing itself of somewhat more realistically than where it was a year ago. So I think there is plenty of opportunity out there, and certainly something that we evaluate on a regular basis.

<Q – Niamh Alexander>: Is the pace of what you are looking at not bankers bringing you ideas, but is the pace of actually what you are taking hard look at has that increased over the past quarter or so?

<A – Robert Greifeld>: I think that's a fair comment.

<Q – Niamh Alexander>: Thank you. And then I guess just lastly, could you give us an update on we are seeing a lot of different proposals and suggestions that the SEC working with various people in the industry but, some of the things that we should just be watching it from kind of a risk earnings should it be like collocation revenues or should it be like if the SEC wants to attach some obligations the high-frequency community. Now how should we kind of thing about which risks to monitor?

<A – Robert Greifeld>: Well, as the first thing, I would say is the IOSCO report that was released the last several days is interesting and I certainly think it represents an opportunity for exchanges and it represents the collective view of the securities regulators across the planet. So I would direct you to that, so as we look at pending regulatory changes we certainly see I think more opportunity than downside. With respect to obligations on market participants, we think that would be a relative positive to us as a primary market, if that was to come about. And if I was to predict, anything I certainly don't think something would happen in 2011 and I think it's a very difficult road to try to properly define what responsibilities and correspondent privileges you'll give to market participants and to the extent the regulators want to get on that slippery slope it's a hard thing to come to a conclusion on.

<Q – Niamh Alexander>: But you are not anticipating significant changes in the next twelve months at least?

<A – Robert Greifeld>: No, you have the real life aspect of the fact that the commission has a fair bit of work with respect to Dodd-Frank, and there is legislatively mandated time certain outcomes that they have to come to. So you have that reality to deal it. And the other thing I will say on the regulatory side and ties back to your earlier question, is with respect to our Nordic clearinghouse, we see in Europe the clear direction from the EU and ESME that they want clearinghouses to have member guarantee funds. So we are working with our members today, they're being quite – I think cooperative but you also do have the looming fact, this will become probably the rule of the land and that clearly represents an opportunity for us to free up substantial capital probably in 12 months.

<Q – Niamh Alexander>: Okay. Great, thanks for taking my question.

Operator: Our next question comes from Daniel Harris from Goldman Sachs.

<Q – Daniel Harris>: Good morning, guys.

<A – Adena Friedman>: Good morning, Dan.

<A – Robert Greifeld>: Hi, Dan.

<Q – Daniel Harris>: I wanted to turn to some of your other new initiatives and specifically here in the U.S. the NOCC, and you talked about starting to see some longer duration contracts. And I'm just wondering, can you sort of put some color around who are your – without obviously going to names but like what types of companies are your core clients here and how do you see that potentially growing over the next few years?

<A – Robert Greifeld>: Right. So importantly, longer duration and higher value contracts. And so we processed a trade just last week where the initial fee to us was around 17,000 and through the duration there's probably another 25,000 on top of that. And obviously those trades have been few and far between, but the fact is that we have increased confidence from the community and the community that we deal with right now are what I'll call naturals, so we don't have so much the – the intermediaries in the space and we certainly want them to come into the space and that will help liquefy the market, but it is primarily the fundamental players in the market who are our customers right now.

<Q – Daniel Harris>: Okay. And then picking on IDCG as well, you talked about having some volume there during the quarter and open interest at the end of the quarter, was there any revenue and how should we think about that in the short-term – i.e., is it – was it de minimis or should it be something we should start modeling in?

<A – Robert Greifeld>: I would say right now what it is de minimis. We have revenue, we're happy to have revenue and it certainly cuts down and the burn rate but it's nothing that you need to model at this point in time.

<Q – Daniel Harris>: Okay. And then just lastly from me, going back to the Access Services, I hear that the demand for your product is growing, I was little bit surprised at the pace of growth this quarter, I mean, I think you said that level is sustainable but – was is just the number of new clients? Was this cross-selling more products and was anything in here via Europe? Thanks very much.

<A – Adena Friedman>: Sure. There is not a lot of revenue coming from Europe yet. As Bob mentioned, we are signing up firms and the Access Service revenue does include some European revenue and we do expect that to grow as the high-frequency firms do enter the European market, but it is not a substantial part of the revenues today.

I would say that the revenue growth in the third quarter is sustainable because we have essentially services that we're- new services we're offering cross-selling of other services. And remember this also includes new membership fees and other monthly fees that go along with accessing our market in addition to actual lines coming in as well. So it is just a combination of things this quarter that has resulted in that growth and we're very pleased with it.

<Q – Daniel Harris>: Okay, thank you.

Operator: Our next question comes from Roger Freeman from Barclays Capital.

<A – Adena Friedman>: Good morning, Roger.

<Q – Roger Freeman>: Hey, good morning, Adena and Bob. I guess first on the repurchases, so I didn't hear you mention any expectation around $100 million in the fourth quarter. Adena, I think you talked about that in the Analyst Day and I'm not sure if that has changed. And also with respect to repurchases, I'm wondering sort of what the logic is in doing sort of piecemeal increases to the authorization as opposed to maybe something larger and just reporting progress against that.

<A – Adena Friedman>: Sure. Well, we do anticipate – continue to execute the program this quarter. And as we said at Analyst Day, we could see ourselves taking in as much as 100 million this quarter, obviously depending on market conditions and other things like that.

<Q – Roger Freeman>: Right.

<A – Adena Friedman>: And then, the $150 million authorization we received from the board really is to carry us into and through next year and it is supposed to be part of an ongoing program that we're starting to develop around this.

<Q – Roger Freeman>: Okay. That's helpful. And then, the backlog on the technology business, I guess it looks like if I got this right, 2011 came up a couple of million bucks, 2012, 5 million. And I guess overall looks like no, no sizeable wins in the quarter, this only the second quarter, you have kind of given this data out. So I kind of want to think about what to expect quarterly? Do you frequently have quarters where there is nothing or is there seasonality where it tends to be weighted? Certain parts of the year when that builds?

<A – Adena Friedman>: Sure, that's a great question. First of all, the sales cycle in the market technology business is long. For us – we've had I think a very good success in essentially signing on some very large contracts in quick succession. But then you can have periods, where it takes some time to develop the relationship and sign further contracts. So it's going to be – as we said before, it's going to kind of be lumpy that way. But obviously the GAAP recognition of revenues smoothes some of that lumpiness out over time and that's what why we are showing you that revenue recognition table.

So the third – the other thing I would say is that third quarter is always our quietest quarter because of the fact that people are on vacation, people are out of the office and you don't tend to make as many sales during this quarter nor as many deliveries or enhancements so it does tend to be our quietest quarter. But having said that sales again – it's a long sales cycle, so you shouldn't expect big wins every quarter or anything like that.

<A – Robert Greifeld>: And as Adena said you will see the orders will be episodic and lumpy but the revenue will be quite smooth based upon U.S. GAAP.

<Q – Roger Freeman>: Okay. And then also Singapore and Australia are both customers of yours, any thoughts preliminarily on a merger, is that opportunity or risk?

<A – Robert Greifeld>: It's an opportunity. And we signed contracts with them recently and I think a credit to our team in the contracts it was not a shock that this kind of deal would happen, so I think it represents a good opportunity for us. And clearly these markets will want to be tied together and we can help them do that in some fundamental way.

<Q – Roger Freeman>: Okay. And lastly, just real quickly one on tape revenues, U.S. I think was down about 7% and your market share overall was flattish, I think down like 30 basis points, bit of a disconnect there. I know there is issues around quoting sometimes that affects that, anything you can point to, how that worked against you maybe this quarter?

<A – Robert Greifeld>: Roger. Before we get to that, I would like to back up to the Singapore question, what was interesting is I happened to be in Singapore for announcement of our ability to essentially trade some our listed stocks in the Singapore market. And as much as I've criticized what I call meaningless MOUs between exchanges, this is getting to be a real operational connectivity between exchanges that will work. We have the clearing infrastructure in place between DTCC and the Singapore clearinghouse. And we have a number of our leading Chinese listed companies, which has a strong interest in that region to trade available to this. I think that's a great progress and certainly indicative of the type of relationships we'd like to have with exchanges going forward.

<A – Adena Friedman>: On the tape revenue Roger, the – first of all, there was somewhat of a decrease in the macro revenue, the overall, the gross revenue that we get from the tape plans. And that generally was a result of some softer demand on the retail side, which generally corresponds to the summer, but also as a general matter, data revenue is a lagging indicator, so you tend to find that we're still kind of moving our way out of some of the destruction that's occurred in the financial market.

So the gross revenue came down in the quarter and then – in terms of the net revenue take, you're right that there was a little bit of a disconnect in that and it's because of this code sharing element to the tape plan, the sharing plan as well as depending on where you are strong in market share. Some of the tapes are richer than others. So you can, if you have a more revenue coming from a richer tape then you tend to have an elevated amount of revenue in relation to your market share and vice versa, if more of your market share is coming from some of the tapes that spread the revenue out more. That's where the revenue out mark so, it's very hard to calculate but you're right that there was a little bit of disconnect between the market share and our tape share.

<Q – Roger Freeman>: Okay. Thanks a lot.

<A – Adena Friedman>: Sure.

Operator: Our next question comes on the line of Howard Chen with Credit Suisse.

<Q – Howard Chen>: Hi, good morning everyone.

<A – Robert Greifeld>: How are you doing Howard?

<A – Adena Friedman>: Thank you.

<Q – Howard Chen>: Well how are you?

<A – Robert Greifeld>: Good.

<Q – Howard Chen>: Bob on the U.S. options business, I know your goal's has been to maximize profit and not necessarily market share. Market share is growing but looking back, it looks like the net revenue capture is tracking down 20% from year ago levels. Do you think you've achieved that right balance and maybe if not what needs to change for you to get that balance right?

<A – Robert Greifeld>: Well I would say this, we've got an incredibly capable team running the options business, and there is a number of innovations that they have been really anxious to bring to market, and I have mentioned some of them before, primarily around complex orders. And we are getting close to where we have both regulatory approval, and the technical capability to do that. And I think as we launched those products they certainly will help with the capture rate. But going back to your opening comment, our goal is certainly to maximize profitability but it's never 100% one way or the other. So clearly, there has been a market share element in our actions in the last year and we think we've achieved the right balance.

<Q – Howard Chen>: Understood, thanks. And then switching over to Market Technology, just could you give a feel for where the margins are? I know that 25 to 30% goal is more of a year end 2012. But just kind of current state of play would be helpful.

<A – Robert Greifeld>: I would say that the progress on the margins for Market Technologies is reaching our level of satisfaction; I wouldn't say that we are overjoyed with but we're pleased with the progress and it's a work in progress.

<A – Adena Friedman>: And Howard, we do publish that in our Q, so you'll see that next week. But it is in double digits right now in terms of profitability.

<Q – Howard Chen>: Great thanks that's helpful. And then just a quick one on the numbers, Adena, end of period share count if we could trouble you for that?

<A – Adena Friedman>: 201.

<Q – Howard Chen>: Thanks so much.

<A – Adena Friedman>: Sure.

Operator: Our next question comes from the line of Chris Allen with Ticonderoga Securities.

<Q – Chris Allen>: Good morning.

<A – Robert Greifeld>: How are you doing, Chris?

<**Q – Chris Allen**>**:** Good. Quick numbers question. What should we be using for the tax rate moving forward?

<**A – Adena Friedman**>**:** That's a good question. And the reason why the tax rate came down a bit this quarter is because on a relative basis, more of our revenue was coming from outside the U.S. So our European operation was strong this quarter and with the lower volumes in the U.S. on a relative basis, it came in higher for our overall business mix, which then brings the overall tax rate down. So that's why you had that drop in tax rate from the second quarter to the third quarter. On a going-forward basis, I would say that we're looking at a tax rate of 32.5% to 33%. Assuming that the business mix stays relatively consistent with what we have seen in the last – over the last few quarters.

<**Q – Chris Allen**>**:** Got it. And then, on slide 14, you talk about the 80 to 85 million incremental revenue from the investment spending that you have done in 2010. And I mean can you give us some color in terms of where you stand relative to that goal, what's been the progress over the course of the year?

<**A – Adena Friedman**>**:** Sure. We update that every quarter. So we obviously feel pretty good about that number because we just updated it. And also, I don't know, if you've noticed but the cost associated with our initiatives came down from the prior-year quarter's version of that slide. So we are again really managing our expenses very well against these initiatives, and we do feel comfortable with the range that we've got in there for the 80 to 85 million of revenues for the year. And our progress is good. I think that it recognizes that some of those initiatives were launched in 2009 and they obviously have more progress against them. And others were launched in 2010 and we do hope that they bring us some revenues into 2011 and '12.

<**A – Robert Greifeld**>**:** And I would just say that we are increasingly bullish on the investments that we have made. We know that not everyone of them will pay off, otherwise it would be a guaranty. But clearly, there has been noticeable progress, we've referenced a number of the items already during the call. But getting first dollar revenue on these new initiatives is an important milestone and we achieved that in numerous ways in the third quarter of 2010.

<**Q – Chris Allen**>**:** Sounds good. And just one last question for Bob. Obviously, the Singapore Australian announcement there's a lot of chatter around the next potential wave of the M&A among the exchanges, how do you think this plays out over the next couple of years from your perspective?

<**A – Robert Greifeld**>**:** Well, I think with the Singapore Australian announcement you see, both the positive and negative, clearly there is some compelling commercial logic behind that transaction, but there is also a political aspect to the transactions. So I've said some facetiously that I think at the end of the day, there will be one exchange and that's obviously not going to happen But when you're in transaction processing business and you can lever a fixed cost platform that creates some compelling commercial logic. So though that's a basic backdrop to our industry, it's been there forever, since the markets went electronic and it will always be there. But as we said these initiatives, these acquisitions it has to represent everything lining up in a perfect way for you to want to do them and that's a difficult set of circumstances to forecast.

<**Q – Chris Allen**>**:** Okay. Thanks a lot.

Operator: Our next question comes from the line of Matthew Heinz from Stifel Nicolaus.

<**Q – Matthew Heinz**>**:** Hi. Good morning, guys.

<**A – Robert Greifeld**>**:** Hi, how we you doing?

<Q – **Matthew Heinz**>: I am doing well, thanks. I think in the last few years we've all been harshly reminded of the cyclicality with respect to the cash equity business and it appears that we've bounced off the bottom in terms of competitive cycle, but I'm curious to hear your thoughts on where you think we sit in the volume cycle, just from a grand historical context kind of perspective?

<A – **Robert Greifeld**>: That's a great question. I certainly believe from historical context that we have studied this that we made reference to it during the Investor Day we're near a bottom of a cycle. And when you recognize that we're living through net equity outflows when the competition for that investment dollar the fixed income market is basically paying zero and in the case of TIPS, less than zero. You know the times will get better.

So equities at this point of time are not in vogue clearly when people seek higher returns equities will I think regain some of its luster and so we we're living through somewhat the bottom of the cycle. And as a said in my comments, I think that makes this quarter that much more impressive for us to deliver $0.50 in a slow summer month when equity is that the bottom of the cycle.

<Q – **Matthew Heinz**>: Okay. That's very helpful, thank you. And then as a follow-up you clearly been very aggressive with returning capital over the last several months and becoming even more so, but at what kind of level in your stock you think that the value proposition might shift in favor of doing more acquisitions or some other type of investments?

<A – **Robert Greifeld**>: Well, that's an answer that shifts based upon the particular opportunity. Clearly with SMARTs, we saw a prior return higher than a share buyback and we spent to $75 million in cash there as opposed to increasing the buyback. So I think we have the right disciplines in place as I said with acquisitions, we are now have three colors, one, it has to accrete within 12 months two, it has to be strategically significant, and, three, it has to provide a better return in the share buybacks. So, it's a great way for us to operate the business and we look at everything through the prism.

<Q – **Matthew Heinz**>: Okay great, thank you.

Operator: Our next question comes from Michael Vinciquerra from BMO Capital Markets.

<Q – **Michael Vinciquerra**>: Good morning.

<A – **Robert Greifeld**>: Good Morning, Mike.

<A – **Adena Friedman**>: Good Morning, Mike.

<Q – **Michael Vinciquerra**>: One question on the option side, I thought is interesting as you gain share, we have noticed that NOM has actually picked up significant share and if I'm doing the numbers you are at an all-time high, on kind of a three-month rolling basis. Anything particular to NOM that is helping the drive more activity there?

<A – **Robert Greifeld**>: That's a great question. One in terms of – we think NOM's best days are ahead of us, as I think that I referenced to the last caller at the Analysts Day, we are going to confer it, the NOM and Philly platform to be potentially identical and the important part there is when you look at NOM today it has obviously the large membership base to the committed to the platform. But it still is not connected into entire options marketplace. So as we make this move, then we'll be over to benefit from the fact that the Philly platform is completely directed into the options world. So we have a number of players who want to be in NOM, that we are going to make it very easy for them as we go into 2011. But as you look at going back to directly to your question, as you look at the fact that they have the options trading in pennies today, it certainly makes the NOM market model that much more attractive to a larger number of players and I think that's been the fundamental driver of our success.

<Q – Michael Vinciquerra>: Adena, can you share is there a net take between NASDAQ versus PHLX is there a much of a difference between the two platforms from your perspective?

<A – Adena Friedman>: No, there isn't actually I think that they have converged a well and so that there is not a significant difference.

<Q – Michael Vinciquerra>: Okay. Good luck, thanks guys.

Operator: Our exhibition comes from Mark Lane with William Blair.

<Q – Mark Lane>: How's everybody doing?

<A – Robert Greifeld>: How are you Mark?

<Q – Mark Lane>: So, a couple of quick ones so – Adena just to be clear on the capital management, so the share repurchase expansion authorization is that meant to send the message that, that's what your intention is – the willingness of your commitment to share repurchase for next year?

<A – Adena Friedman>: Certainly, we do want to indicate that there is an ongoing element to the repurchase programs that we are introducing into 2011. And again we'll look at market conditions, will look at all of the uses of our cash but assuming that this is the right return for us then we will continue to use that cash into 2011.

<A – Robert Greifeld>: I think it ties back to an earlier question. The – our board has chosen to look at this on a continuous basis, it will be a topic at every board meeting. So we are not out there saying here is the extent to the program that we'll then decrement against. So this what we are entirely comfortable with doing. As you – we can see from our past actions, where we announced the share buyback, we kind of mean it that we'll actually do it. And then, we'll – the board will take it as it comes to review the certain set of circumstances that exists quarter by quarter.

<Q – Mark Lane>: Okay. And then just last – real quickly on IDCG and the pricing, you had thrown out some pricing a few quarters ago very early on. When you look at the competitive landscape, of the other three players in the market. One is sort of the utility, the second one is not saying anything about pricing. They are negotiating with the dealers on revenue sharing arrangements, etcetera, and etcetera, not a lot of detail there. Do you really fell like the pricing structure that you laid out is still relevant, as you tried to garner attention for IDCG?

<A – Robert Greifeld>: Definitely, but I would put one qualifier on that. I think with respect to pricing, you will see some preferred pricing for a founding group of members for a period of time. But the basic pricing model that was outlined, we feel comfortable with.

<Q – Mark Lane>: Okay. Thank you.

Operator: Our next question comes from Ed Ditmire with Macquarie.

<Q – Edward Ditmire>: I had a quick question. Since this is your first time really buying back shares in 2010, can you give us any color on your price sensitivity on your buyback decision? And of course, the stock price is considerably higher now that when you started the program. Just try to give us a sense of when you guys might feel that you have the price is too high?

<A – Adena Friedman>: Well, I can say that since we started buying back shares back in March, we have achieved a very good average price. I think that our average price of the buyback has been $19.95., so of the 300 million that we bought so far. And we do obviously look at the price as an element of making our buying decision, but we don't publish any sort of criteria around that.

<A – Robert Greifeld>: No, and I think the way to think about it is how we look at acquisitions. So to the extent that our stock goes higher, then all the uses of the cash become that much more attractive. So it is really netting different alternatives together as opposed to saying, okay, this price is too high or too low.

<Q – Edward Ditmire>: Okay. Can you just maybe give us a hint, are we anywhere even close to the lines, where different alternatives become more attractive, you guys are firmly the cheapest exchange among all publicly risks that exchanges in the world.

<A – Robert Greifeld>: Thanks for reminding us. It obviously makes it harder for us to do an acquisition with our stock being lower. That's for sure and makes it easier for us to want to buy back shares. And I think we can probably leave it at that.

<Q – Edward Ditmire>: And then on the again to the Hong Kong ASX, on the one hand, I think that having companies that are – I'm sorry, between Hong Kong and the Singapore AFX potential tie-up, you have some customers in Market Technology that are just getting bigger and bigger from the market cap perspective. These guys are firmly in that top tier of global exchanges now. And I'm kind of thinking about on the one hand, is your technology business becoming more valuable as its customers are taking a bigger place on the world stage. Or on the other hand, are companies like these do you think are they comfortable not controlling their technology?

<A – Robert Greifeld>: Well, you referenced the two exchanges that have signed up major long-term agreements with us and in particular with Genium INET. So I think those facts speak for themselves. Again, our technology is unparalleled on a global basis right now. We're not only incredibly proud of the speed and the throughput but the application capabilities absolutely outstanding with these products. And Genium INET was built off for the CLIQ platform and CLIQ has been renowned through the industry for several decades now with their ability to configure it, process and trade any asset that you can think of. So you combine that with the power and the speed and the capacity of the INET messaging bus, you have truly it's something that's very difficult to replicate.

<A – Adena Friedman>: Also, I would say that in terms of the relationship that we have with exchanges like Singapore and Australia, as Bob mentioned, we did just had signed up long-term agreements. But also with the announcements we made with Singapore, the relationship with these exchanges goes beyond just straight technology as well. So they are looking at increasingly as the partner like we have done with this listing, this dual listing initiative. And as they increase their importance in the global stage, they are also looking at how to partner with other global markets and we are an obvious choice for them since we have a common technology.

<A – Robert Greifeld>: Well, I think that's a great point and clearly, that's part of the future of the technology business to be a partner. And with our relationship with Singapore, you can see that we're taking a lead in that area.

<Q – Edward Ditmire>: Okay. Thanks, guys.

Operator: Our next question comes from Chris Harris from Wells Fargo Securities.

<Q – Christopher Harris>: Thank you. Good morning.

<A – Adena Friedman>: Good morning.

<Q – Christopher Harris>: Looking at your cash equities business again here, I think your market share might be under a little bit of pressure here so far in October. And I was just wondering if you would comment, really what's been driving that and whether those new pricing modifications in November 1 is an attempt to maybe I guess help out share there in the cash equity business?

<A – Robert Greifeld>: Two responses. One, in times of lower volatility, the rate of internalization increases and we certainly have seen the VIX decline. So that's a real-life factor. Two, our pricing actions on Monday, we certainly expect that it will help us gain share and as I said, it's pricing action targeted to the naturals in the marketplace. And we have a basic belief that that has a ripple effect in terms of activity in the liquidity pool. So we're very optimistic about that.

<Q – Christopher Harris>: Okay. And then on IDCG, would you guys ever consider selling a portion of your interest in that, to bring another partner in or another exchange perhaps? Or is it something that you are maybe 100% committed to?

<A – Robert Greifeld>: Well, one, we're 100% committed to it, but that doesn't preclude other options or other partners. We certainly don't see it likely that we would sell equity to another exchange right now. But there are other people that it could make sense to. And hopefully, as you follow us over time, you see that we take pride in being flexible of mind and we are open to and whatever will make sense at the end of the day.

<Q – Christopher Harris>: Okay, great. Thank you.

Operator: Our next question comes from Jonathan Casteleyn with Susquehanna.

<Q – Jonathan Casteleyn>: You have talked about it broadly in some of your prior comments, but I'm just wondering is there any way to characterize the regulatory view on higher frequency trading especially in light of their recent flash crash report? Any way to kind of sum – sum their view up on the practice?

<A – Robert Greifeld>: It's hard for me to speak for the regulator and it probably would be foolish for me to try to. But I think the flash crash reports showed that there are many different factors that go into our U.S. equity market structure. And clearly, higher frequency trading, which before the report was assumed to be a culprit, came out of that report relatively unscathed. So I would say it is hard to draw any conclusions from that except that we should take pride in the fact that we have taken steps. I call them blunt instrument steps, one with respect to the circuit breaker, two with our proposal for stub quotes. I think this active discussion about limit down – limit up or limit down, replacing circuit breakers we support that as a better way to go and that kind of puts in the basic controls in the market. Then the longer discussion would be, how do you put in the finer implements of control in the market. And as you said, those kind of discussions are competing with many other initiatives inclusive of the Dodd Frank regulatory bill.

<Q – Jonathan Casteleyn>: So from their perspective, do you think the bulk of the work has been done, have they satisfied some of the questions raised by that incident?

<A – Robert Greifeld>: Well, I think they have satisfied, as I said the macro questions, when you think about a circuit breaker, you are saying, okay, if something happens in the market that we don't necessarily like, we're going to shut the market down. And so, you take yourself out of that that risk profile. But then the second order question is, is that the best way to do it and is that the best market structure in place and how do we get to a point in time where we don't have to shut the market down?

From our point of view, having to shut the market down is somewhat an admission of failure. And so, the more granular question is how do you create a market structure, where you don't have to hit a circuit breaker or have to hit a limit up, limit down. And that's going to be a long road as we discuss how do you get there. And part of that discussion will be about privileges and responsibilities for certain market participants. And as we know from past the markets where there were privileges, bad things can happen to markets. So it's a very nuanced discussion and I think that will take a period of time.

<Q – Jonathan Casteleyn>: Understood. Just quickly, to Genium INET, the exporting of the platform into Nordic derivatives, at status quo volume, is there a benefit there?

<A – Robert Greifeld>: There will be from the expense side and that benefit is not today but as we move the fixed income operation on to Genium INET, then we will have another platform retirement and there will be SAXESS platform. And we are not quite there yet, we took the major step but we do have to migrate the fixed income market over to it.

<Q – Jonathan Casteleyn>: Is it substantial savings or how do you characterize the savings?

<A – Robert Greifeld>: Well, we haven't put a number out there yet and I'm not prepared to answer this. I'm looking at Adena, here.

<A – Adena Friedman>: I think our Market Technology group and in particular, our IT ops group continues to find ways to become more efficient and you do see that in our expenses in terms of ongoing expenses continue to, we strive to bring this term and this will obviously help that probably later in 2011. But it won't be anything dramatic. I think it will just be part of our efficiency program.

<A – Robert Greifeld>: It is always a good thing to retire a platform, we're anxious to do it and the savings tend to be larger than you think when you find an elimination of X amount of work that is there. So the positive thing will come sometime in 2011, but it's hard for us to put an exact number on it right now.

<Q – Jonathan Casteleyn>: Thanks a lot. That's very helpful.

Operator: And our final question comes from Rob Rutschow with CLSA [Calyon].

<Q – Rob Rutschow>: Hey, good morning.

<A – Robert Greifeld>: Hi, Rob.

<Q – Rob Rutschow>: I guess most of my questions have been asked and answered, but just a quick one on the Nordic markets, you went to central counterparty clearing, but the revenues have been relatively flat. Is there anything going on there that's not readily apparent in the numbers? And do you have new brokers still looking to sign up for those markets? Thanks.

<A – Robert Greifeld>: Speaking plainly, I think our expectation was for the new entrants to be productive in the marketplace, it would have happened sooner. So that's somewhat the bad news. Good news is they are all engaged; the pace of activities has picked up and a certain way we think the end state is better than we would have thought a year ago. As I mentioned previously, one of the very largest high frequency firms, which has been testing their models against the Nordic market, their colo equipment, signed the contract for the colo just yesterday. So we hope to have them operational sometime in the first quarter. So we are making progress, it's just little slower than we thought, but I think the ultimate opportunities are actually larger.

<Q – Rob Rutschow>: Okay. Thanks a lot.

<A – Robert Greifeld>: Thank you.

Operator: And at this time, I would like turn this over to our speakers for any closing remarks.

Robert Greifeld, Chief Executive Officer

Well, I would say thank you for your time today. As I have said in my prepared remarks, we are quite proud of the fact that against what we call a Beta headwind, we are able to deliver Alpha results to our investors and look forward to talking to you next quarter. Thank you.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes the program. You may all disconnect. Everyone have a great day.

NASDAQ OMX Group, Inc.
NDAQ
Q3 2010 Earnings Call
Oct. 29, 2010
Company▲
Ticker▲
Event Type▲
Date▲

19
www.CallStreet.com • 1-877-FACTSET • Copyright (c) 2001-2010 CallStreet

NASDAQ OMX Group, Inc.
NDAQ
Q3 2010 Earnings Call

Oct. 29, 2010
Company▲
Ticker▲
Event Type▲
Date▲
Section 1

7
www.CallStreet.com • 1-877-FACTSET • Copyright (c) 2001-2010 CallStreet